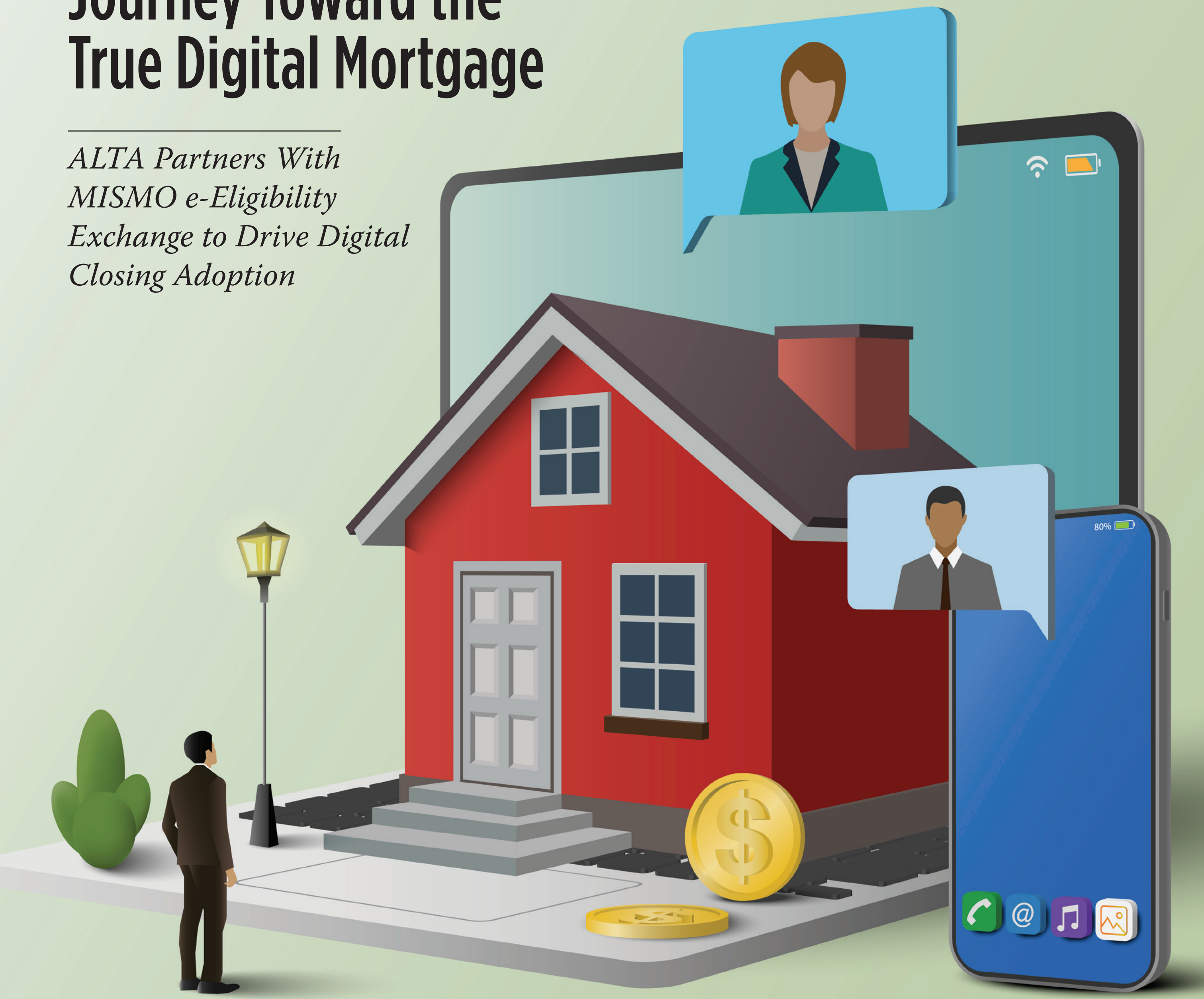
JUNE 2022

TITLE News

AMERICAN LAND TITLE ASSOCIATION

Journey Toward the True Digital Mortgage

ALTA Partners With MISMO e-Eligibility Exchange to Drive Digital Closing Adoption



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iNThis Issue

VOLUME 101 | NUMBER 6 | JUNE 2022

COVER STORY

FEATURES

DEPARTMENTS

DON'T MISS THIS MONTH'S DIGITAL ISSUE OF TITLENews

The digital edition of **TITLENews** includes a webinar recording that addresses the requirements tech providers must meet to receive a MISMO remote online notarization (RON) compliance certification. The presentation also provides a punch list of items to consider before selecting a RON partner.

Go to **alta.org**
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AMERICAN LAND TITLE ASSOCIATION

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TITLENews

OFFICIAL PUBLICATION OF THE **AMERICAN LAND TITLE ASSOCIATION**

PUBLISHER + EDITOR IN CHIEF
Jeremy Yohe

DIRECTOR OF DIGITAL AND PRINT MEDIA
Shawn Sullivan

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Be a Maverick in Your Market

JEREMY YOHE
ALTA vice president of communications

IT'S BEEN A LONG ROAD FOR THE SEQUEL TO THE 1986 BOX OFFICE HIT "TOP GUN." Paramount and Tom Cruise announced a follow-up back in 2010 that would reunite Cruise, Val Kilmer and director Tony Scott. The new film, "Top Gun: Maverick" hit the theaters at the end of May. After more than 30 years of service as one of the Navy's top aviators, Pete "Maverick" Mitchell trains a detachment of graduates for a special assignment. Along the way, Maverick must confront the ghosts of his past and his deepest fears, culminating in a mission that demands the ultimate sacrifice from those who choose to fly it.

While the title industry isn't flying into the "danger zone," we're once again confronted with pressure to reduce cost and closing times. In a paper released in December, Fannie Mae concludes closing costs are an obstacle to sustainable homeownership for first-time and low-income homebuyers. In its analysis of approximately 1.1 million home purchase loans Fannie Mae acquired in 2020, Fannie Mae found that more than 14% of low-income, first-time homebuyers had closing costs equal to or exceeding their down payment.

According to Freddie Mac, a lender's average closing time is one of the most important factors influencing a consumer's decision to do business with them. In the rapidly accelerating world of digital mortgages, title companies should be thinking of ways to remove friction in transactions. A white paper from Visionet Systems' AtClose division explored why title companies and mortgage lenders must communicate better if they hope to win business in a purchase-dominated market. The paper offers a candid exploration of the market's current challenges and explains why friction in the order management process is still costing lenders too much time, money and business. An industry that originated more than $4 trillion in 2020 will only see $2.6 trillion this year, according to the Mortgage Bankers Association.

While the cost to buy a home has skyrocketed, the title insurance and settlement services industry continues to find ways to manage expense. The cost of title insurance coverage has decreased 7% since 2004, according to the combined industry financial statement. In addition, ALTA has partnered with the MISMO e-Eligibility Exchange powered by Snapdocs to help drive adoption of digital closings. As you'll read in this edition's cover article, title companies that use remote online notarization report a 52% decrease in closing times due to the number of documents signed ahead of time, while 43% reported cost savings. Truly, our industry feels the "need for speed."

In a tightening market, it's imperative to provide products and services that help keep costs down and deliver an exceptional experience. You can be the maverick in your market by talking and listening to your customers' needs.

ALTA News

AMERICAN LAND TITLE ASSOCIATION

HAPPENINGS, NEWS, UPDATES & EVENTS

Fannie Mae Follows Freddie Mac Guidance to Allow Limited Use of Title Insurance Alternative

In an update to its Selling Guide, Fannie Mae aligned its policy with Freddie Mac and now will accept written attorney opinion letters in lieu of a title insurance policy “in limited circumstances.”

Lenders “must ensure the loan is covered by either a title policy issued by an acceptable insurer (including any required endorsements) or a title opinion letter issued by an attorney,” according to Fannie Mae. This aligns Fannie Mae’s guidance with guidance Freddie Mac issued in May 2020. It is believed the "limited circumstances" would be for certain refinances.

“It is not unique for the Government-Sponsored Enterprises (GSEs) to align their guidance and provide consistency and standardization in the market,” said Diane Tomb, ALTA’s chief executive officer. “Title insurance remains the most robust and comprehensive product that provides an underwriting service giving mortgage lenders confidence that a borrower has clear ownership rights to the property when refinancing.”

ALTA continues to engage with the GSEs and lending partners on the vital role the title industry’s products and services play in a well-functioning housing finance market.

“As these guidelines take effect, it is important for all parties involved to consider the risks associated with accepting attorney opinions in lieu of a title insurance policy—even in limited circumstances,” Tomb said. “Historically, lenders have preferred the protection of a title insurance policy, and Fannie Mae itself has acknowledged that there may be additional risk in accepting attorney opinions.”

In following in the footsteps of Freddie Mac's guidance, Fannie Mae also requires lenders to use a special code to flag loans using an attorney title opinion letter.

The attorney issuing the title opinion letter must be licensed to practice law in the jurisdiction where the subject property is located and must be insured against malpractice in rendering opinions of title in an amount commonly prevailing in the jurisdiction.

The attorney title opinion letter must:

- be addressed to the lender and all successors in interest of the lender
- be commonly accepted in the area where the subject property is located
- provide gap coverage for the duration between the loan closing and recordation of the mortgage
- list all other liens and state they are subordinate
- state the title condition of the property is acceptable and the mortgage constitutes a lien of the required priority on a fee simple estate in the property

ALTA Statement on Biden Administration Housing Supply Action Plan

The Biden administration on May 16 announced legislative and administrative actions to address the U.S. housing supply shortage. This plan includes reforming zoning and land-use policies, as well as expanding federally backed financing for affordable housing and directing grants to localities that encourage construction.

ALTA commended the administration’s efforts to ease the burden of housing costs for more Americans.

“As the president’s Housing Supply Action Plan notes, the most important action that can be taken to reduce costs and improve affordability is to boost the supply of quality housing in communities nationwide,” said Diane Tomb, ALTA’s chief executive officer. “ALTA looks forward to working closely with the Administration as various initiatives within the plan develop.

Continued on Page 7

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ALTA Statement on Biden Administration Housing Supply Action Plan, cont.

We are committed to assisting American families achieve and protect the dream of homeownership across the United States."

The action plan notes that today's rising housing costs are years in the making. Fewer new homes were built in the decade following the Great Recession than in any decade since the 1960s. In addition, the constrained housing supply has failed to keep pace with demand and household formation. This mismatch between housing supply and housing demand grew during the pandemic. While estimates vary, Moody's Analytics estimates that the shortfall in the housing supply is more than 1.5 million homes nationwide.

"This shortfall burdens family budgets, drives up inflation, limits economic growth, maintains residential segregation and exacerbates climate change," the Biden administration said in its plan. "Rising housing costs have burdened families of all incomes, with a particular impact on low- and moderate-income families and people and communities of color."

Under the plan, the Biden administration announced it will:

- Reward jurisdictions that have reformed zoning and land-use policies
- Deploy new financing mechanisms to build and preserve more housing where financing gaps currently exist
- Expand and improve existing forms of federal financing
- Ensure that more government-owned supply of homes and other housing goes toward owners who will live in them

Membership by the Numbers

ALTA is the title insurance and settlement services industry resource for advocacy, education, communications, networking and policy standards. Here's a look at some membership numbers from the past month.

- New Members: 83
- New Associate Members: 4
- New Attorney Members: 21
- State with the most new members: Florida, 19
- Total Members: 6,017

CALENDAR

2022 ALTA CONFERENCES

2022 JULY LARGE AGENTS CONFERENCE
July 17-19
Asheville, N.C.

2022 ALTA ONE
Oct. 11-14
Coronado, Calif.

STATE CONVENTIONS

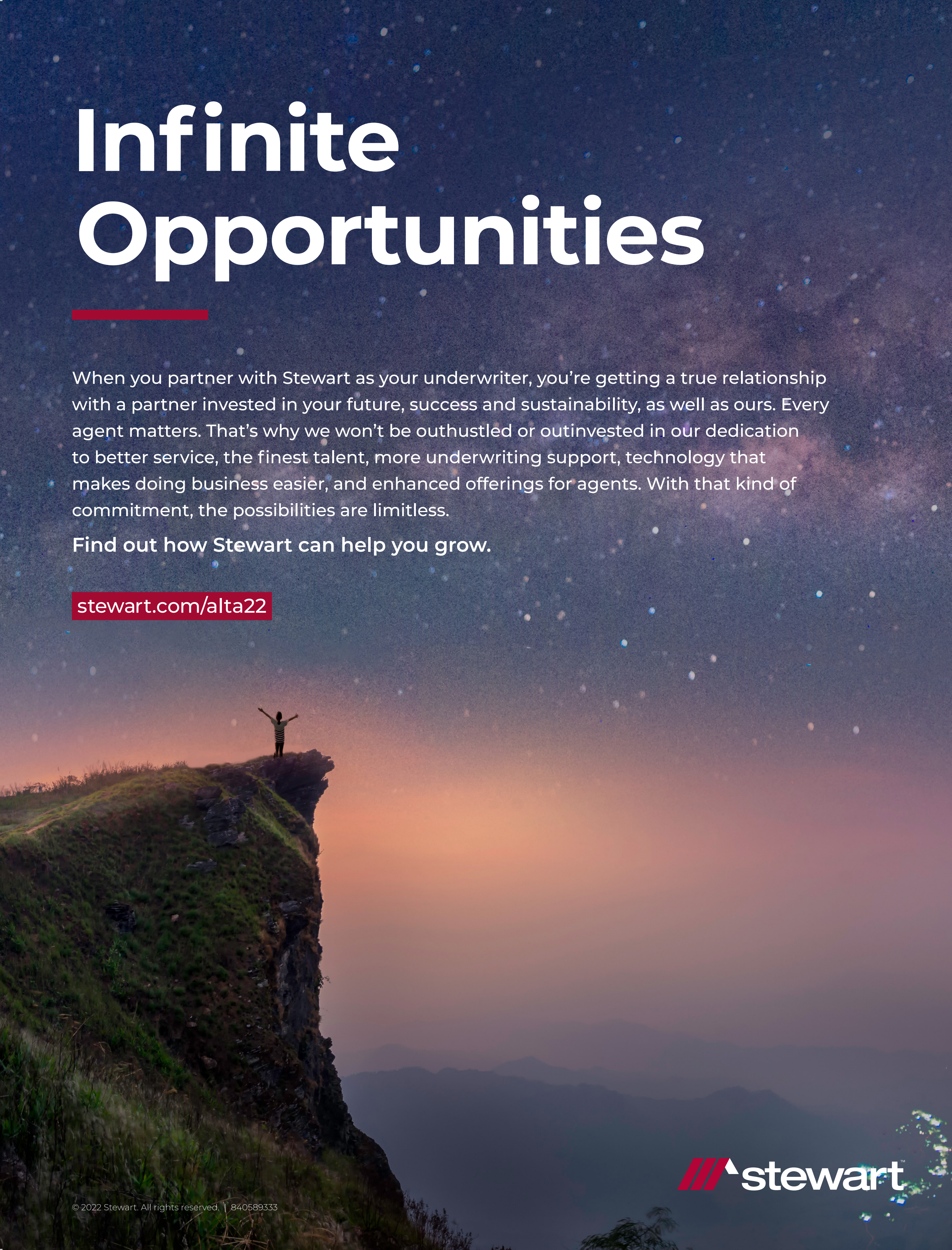
UTAH
June 30-July 1
ALTA, UT

MICHIGAN
July 10-12
Thompsonville, Mich.

PACIFIC NORTHWEST
July 14-16
Blaine, Wash.

ALTA 2022 TIPAC Donors

The Title Industry Political Action Committee (TIPAC) is ALTA's voluntary, non-partisan political action committee (PAC). TIPAC raises money to help elect and re-elect candidates to Congress who understand and support the issues affecting the title industry. So far in 2022, TIPAC raised $383,575 from 446 people. In addition, $150,000 from 26 companies has been pledged to the TIPAC Education Fund. Check out who has supported the industry at alta.org/tipac.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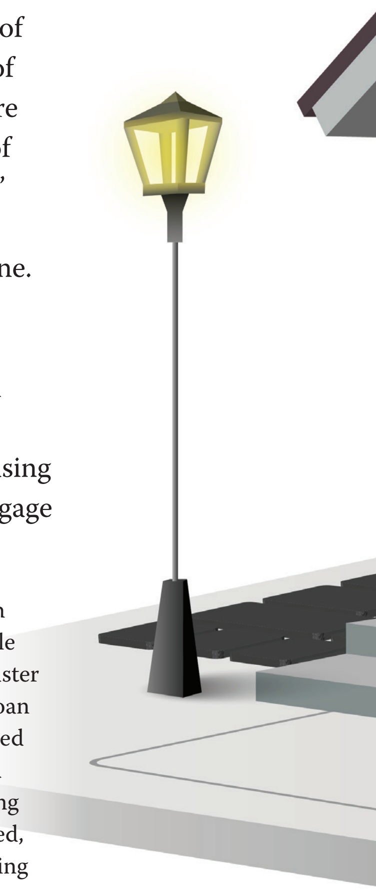
Journey Toward *the* True Digital Mortgage

FROM THE WHITE HOUSE AND CONGRESS to multiple federal agencies, one of the top concerns is housing affordability. Consumers are worried too. About half of U.S. adults (49%) say the availability of affordable housing is a major problem where they live, up 10 percentage points from 2018. The same 2021 Pew survey reported 70% of Americans said young adults today have a harder time buying a home than their parents' generation did.

While it's getting more expensive to buy a home, it's also getting pricier to originate one. According to the Mortgage Bankers Association (MBA), total loan production expenses increased to an all-time high of $9,470 per loan in the fourth quarter of 2021. This was up from $9,140 per loan in the third quarter as the market transitioned from a rate-term refinancing market to a purchase and cash-out refinancing market.

With the current cost of origination, combined with higher interest rates and low housing inventory, the MBA reports that 2022 is likely to see about a 30% decline in overall mortgage originations, as compared to 2021.



Cost Savings

With revenue tightening and volume slowing, it is becoming increasingly important for companies to adjust costs. As a result, lenders and title companies are seeking ways to invest in and implement solutions that will further streamline operations and grow market share, helping them remain competitive and improve the borrower experience while providing increased ROI.

One avenue to reduce cost and streamline the closing process is to offer digital closings. A recent Marketwise eClose ROI study found that lenders can save nearly $450 and settlement agents up to about $100 per loan due to time eliminated, improvements in transactional quality, and costs associated with printing and mailing documents. Lenders and title agents also reported they can close more loans faster with the same or fewer people, improve overall loan quality by reducing critical errors and avoid missed signatures and unnecessary rework. Full e-closed loans also reduce funding time during post-closing to the secondary market and result in an improved, measurable overall return on investment, according to the study. A 2021 digital closing survey by the American Land Title Association (ALTA), found 52% reported closing times decreased utilizing RON due to the number of documents signed ahead of time, while 43% reported cost savings.

MISMO e-Eligibility Exchange Connects Lenders With Title, Settlement Agents Who Can Conduct Digital Closings

"Consumer expectations have shifted to digital-first, and that's an incredible opportunity for the lender and title industries to be at the forefront of both what consumers want and what is also most financially and operationally efficient," said Terri Davis, GM of Real Estate at Notarize. "E-closings are the final frontier of real estate, and we're seeing the incredible ROI, both in the numbers and in consumer feedback, of those who fully embrace e-closing mortgages with online notarization."

MISMO e-Eligibility Exchange

To help drive adoption of digital closings, ALTA partnered with the Mortgage Industry Standards Maintenance Organization (MISMO) to be the sole provider of title and settlement agent data for the MISMO e-Eligibility Exchange, powered by Snapdocs. The e-Eligibility Exchange serves as a central source of information on the criteria that impact digital closings. The data will be provided to MISMO under a contributor agreement with the ALTA Title & Settlement Agent Registry (ALTA Registry), a national database of title and settlement agents.

"Consumer expectations have shifted to digital-first, and that's an incredible opportunity for the lender and title industries to be at the forefront of both what consumers want and what is also most financially and operationally efficient."

—Terri Davis, GM of Real Estate at Notarize

The MISMO e-Eligibility Exchange features information on trading partner requirements, e-notarization regulations, county recording requirements, settlement agent readiness and title underwriter restrictions. The platform helps real estate and finance professionals navigate these factors so each closing can be as digital as possible.

The ALTA Registry is a unique real estate utility created specifically for the mortgage industry and service providers. For the first time, the ALTA Registry will provide data on individual title insurance and settlement services companies, identified by an ALTA ID. The ALTA Registry also identifies title and settlement companies that can perform RON closings. This helps mortgage companies identify closing companies that offer this increasingly in-demand service. The ALTA Registry is free and ALTA membership is not required.

"We're pleased to collaborate with MISMO and provide the e-Eligibility Exchange with the most accurate title and settlement services company data available in the industry," said ALTA CEO Diane Tomb. "It's crucial that the title insurance industry urge progress and innovation in the digital closing space. With 9,000 locations already listed in the ALTA Registry and 2,000 of them showing a state of 'RON readiness,' now is the time for all title insurance companies and real estate attorneys to register."

ALTA launched the ALTA Registry in 2017 as the first national database of title insurance and settlement services companies. In addition to contact information and branch locations, each ALTA Registry listing also includes a title insurance company's or real estate attorney's unique seven-digit ALTA ID.

The e-Eligibility Exchange is now available to all MISMO members via an online interface and APIs that can be integrated into other technology platforms.

"The MISMO e-Eligibility Exchange serves as a resource for the entire industry and its success relies on the quality and accuracy of the contributed data," said Seth Appleton, president of MISMO. "The exchange will benefit tremendously from ALTA participation, with its timely and accurate title insurance and settlement services company data. The fact that a title agent can only join the ALTA Registry after its title insurance underwriter has confirmed its information gives us ongoing confidence that we will have data that is unique and up to date. This accuracy, together with the uniqueness of the ALTA ID, will help make the e-Eligibility Exchange a compelling and innovative industry resource."

The e-Eligibility Exchange draws on Snapdocs' and MISMO's respective areas of expertise. Snapdocs provides the technology that powers the e-Eligibility Exchange. MISMO works with industry participants such as ALTA to collect and maintain the most robust and up-to-date digital closing criteria possible.

"At Snapdocs, we're working backwards from a world where the many benefits of digital closings are accessible to everyone," said Camelia Martin, vice president of industry and regulatory affairs at Snapdocs. "Through our partnership with MISMO, and the collaborative efforts of the many contributors to the e-Eligibility Exchange, we're empowering lenders to overcome one of the most significant barriers to

Maine Becomes 40th State With RON Legislation

Maine joined 39 other states to allow remote online notarization (RON) after Gov. Janet Mills signed into law **LD 2023**. The legislation will go into effect July 1, 2023.

The bill permits any notarial officer in the state to perform notarial acts for a remotely located individual. The bill also includes security measures, including identity proofing and recording requirements.

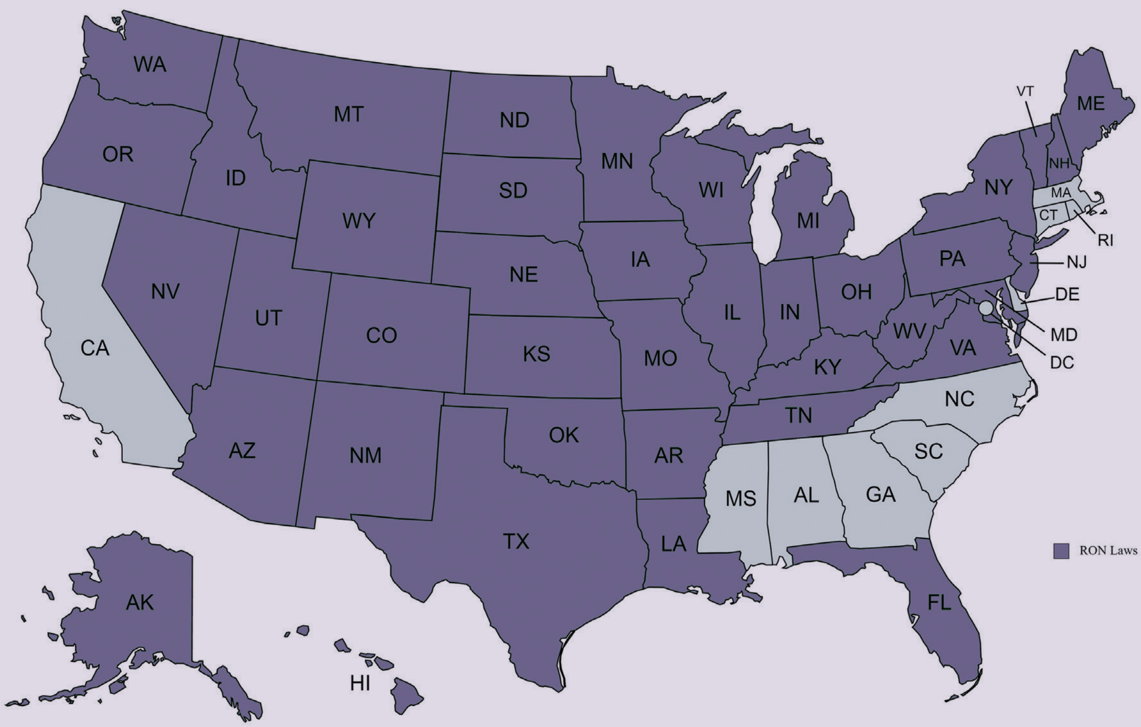
"We applaud the leadership and efforts of Secretary of State Shenna Bellows, her staff and the members of the Judiciary Committee for supporting this important piece of legislation," said Robin Watts, Maine state counsel for First American Title Insurance Co. "Recognizing the consumer demand for greater flexibility in document notarization, LD 2023 modernizes Maine's notarial law while maintaining key consumer protection safeguards. This is a win for homebuyers and sellers, and the real estate professionals that serve them, who can now execute and notarize important legal documents remotely in a secure and legally compliant manner, enhancing the efficiency and convenience of the real estate transaction closing process."

Ashley Fischer, senior compliance officer for CATIC, said passage of LD 2023 marked a progressive step for the state.

"This bill will enable Maine title professionals to offer more closing options to consumers and better serve their needs in an ever-evolving real estate market," Fischer said. "CATIC looks forward to supporting its agents who are looking to conduct RON real estate transactions to ensure a seamless closing experience for all stakeholders."

Highlights of the legislation:

- Requires the notary to be in Maine to conduct a RON transaction. The bill modifies the current residency requirements, which limit applicants to residents of Maine and residents of New Hampshire who are employed in Maine or operate a trade or business in Maine.
- The audio/visual recording must be retained for at least 10 years.
- Notary must inform the Secretary of State that they will perform RONs and identify the technology to be used.
- A notary may use communication technology to perform the act for a remotely located person if: The notary has personal knowledge of the remote person's identity, has satisfactory evidence of the identity of the remotely located individual by oath or affirmation from a credible witness or has obtained satisfactory evidence of the identity of the remotely located individual by using at least two different types of identity proofing.
- Notaries shall maintain a journal that chronicles all notarial acts that the officer performs. The officer shall retain the journal for 10 years after the performance of the last notarial act chronicled in the journal.
- Notaries may select one or more tamper-evident technologies to perform RONs. The Secretary of State is to determine what technology is permissible via a rulemaking process.
- A register of deeds may accept for recording a tangible copy of an electronic record containing a notarial certificate.
- A notarial act performed in another state has the same effect under the laws of Maine as long as the act is performed by a person authorized by that state's law to perform a notarial act.



the adoption and scalability of digital closings. This initiative is a perfect example of what the mortgage industry can accomplish when we come together to drive innovation."

Digital Volume Grows

The number of title and settlement companies offering digital closings increased 228% in 2020 compared to 2019, according to ALTA's 2021 Digital Closing Survey. The survey of 300 title professionals showed that 46% offered digital closings in 2020 during the COVID-19 pandemic. Prior to the health crisis, a 2019 survey showed that 14% of companies offered digital closings two years ago.

While the number of digital mortgage closings completed continues to rise, industry-wide adoption is still hindered by the complexity and lack of transparency into factors that determine how "e" closings can be. The e-Eligibility Exchange helps to maximize the digitization of closing processes, including shifting to e-note and RON, and increasing these benefits for every participant involved in a mortgage loan's life cycle.

"E-closing volume has grown significantly in the last two years due to growing acceptance from stakeholders such as investors, servicing buyers, etc., as well as the growing adoption of e-recording and e-notarization at the jurisdictional level," said Raj Penugonda, product development director at Freddie Mac. "However, since acceptance and adoption are not yet uniform across the ecosystem, lenders need to make a loan level determination of which loan documents can be electronically signed. This makes it difficult for them to scale their e-closings. MISMO e-Eligibility Exchange helps address this challenge. As part of our efforts to help the industry's journey towards a true digital mortgage, Freddie Mac is excited to work with MISMO in developing e-Eligibility Exchange."

Balancing high-tech with high touch was a priority for companies even before the pandemic. In a 2020 report by Forbes Insights in association with Freddie Mac, 85% of firms surveyed described their efforts at mortgage digitization prior to COVID-19 as aggressive or very aggressive. During the global crisis, lenders already focused on technological capabilities were the most prepared to help borrowers.

As people have become accustomed to using smartphones for shopping and applying for jobs and expectations for technology continue to increase, businesses are responding by meeting the client where they want to be—on their screens. According to a 2020 study by J.D. Power, 64% of consumers believe that a digital process would make buying a home or refinancing easier than one conducted in person.

SECURE Notarization Act

In an effort to permit immediate nationwide use of RON, ALTA and other groups continue to support the SECURE Notarization Act, which now has 88 co-sponsors in the House of Representatives. The bill would create national minimum standards and provide certainty for the interstate recognition of RON. At the state level, Maine joined 39 other states to allow remote online notarization (RON) after Gov. Janet Mills signed into law LD 2023. The legislation will go into effect July 1, 2023.

"There is a need and demand for this approach to notarization throughout the United States," Tomb said. "The SECURE Notarization Act allows businesses and consumers the ability to execute critical documents using two-way audiovisual communication. Current requirements for a signer to physically be in the presence of a notary are often impractical and sometimes impossible due to social distancing limitations resulting from the COVID-19 pandemic, as well as other roadblocks for in-person signing, like overseas military service and time constraints."

"Consumers expect greater digitization in the mortgage process like they do with other experiences. From a homebuyer perspective, digital closings can help bring the reality of homeownership to a wider swath of consumers. For businesses, digital closings improve efficiency through reduced operational cost and increased productivity. Solutions like the MISMO e-Eligibility Exchange can help bridge the gap between housing affordability and accessibility," Tomb concluded. ■

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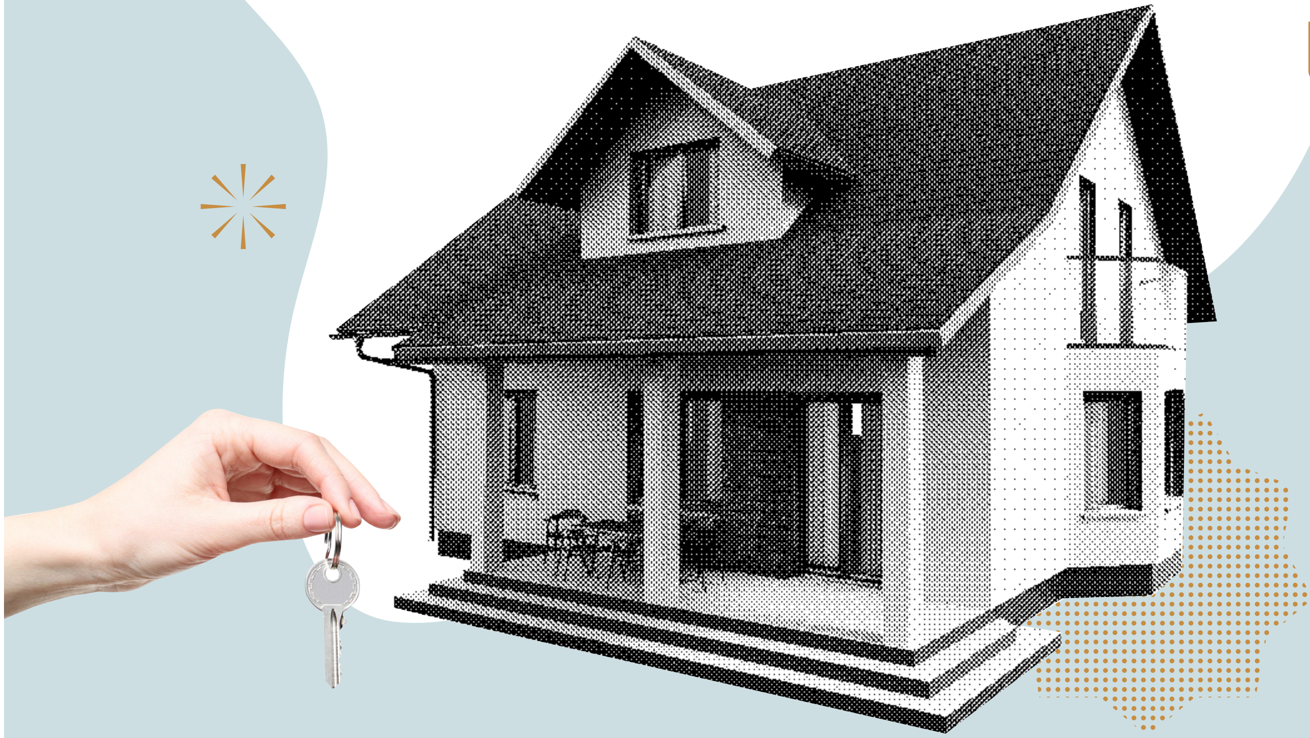

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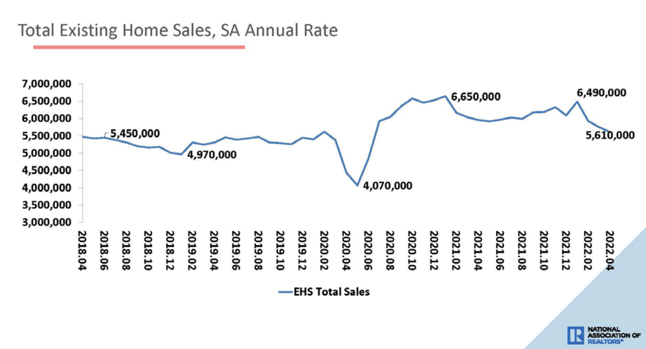
Housing Feels Stress of Rising Mortgage Rates as Inflation Weighs on Consumer Spending

Existing-home Sales Slide; Fannie Expects Slowdown to Continue

FOR THE THIRD CONSECUTIVE MONTH, EXISTING-HOME SALES FELL, but buyers are still eager. Higher mortgage rates, inflated prices and low inventory continue to chip away at affordability. Some regions of the U.S., however, continue to see gains.

Nationwide, existing-home sales—completed transactions of single-family homes, townhomes, condos, and co-ops—decreased 2.4% in April compared to March, according to the National Association of Realtors' (NAR) latest housing report. Sales are down 5.9% year over year.



"The market is quite unusual as sales are coming down, but listed homes are still selling swiftly, and home prices are much higher than a year ago," says Lawrence Yun, NAR's chief economist.

Still, higher home prices and sharply higher mortgage rates are beginning to reduce buyer activity in many markets, he added. "It looks like more declines are imminent in the upcoming months, and we'll likely return to the pre-pandemic home sales activity after the remarkable surge over the past two years," Yun said.

Here's a closer look at the key indicators from NAR's latest housing report.

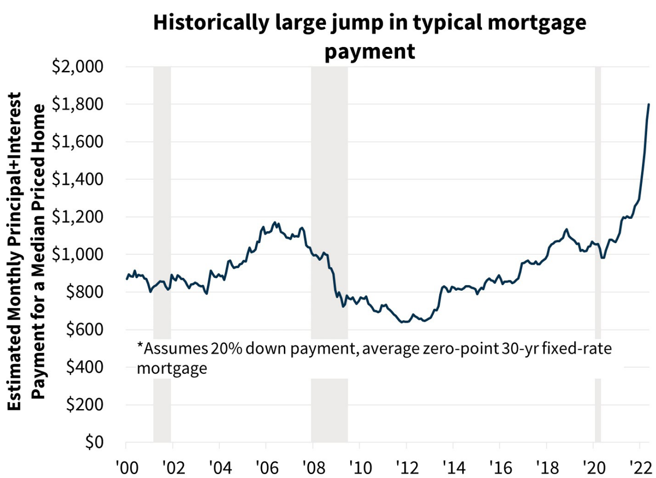
- **Home prices:** The median existing-home sales price increased at a slower year-over-year pace of 14.8% in April. Median home prices were $391,200 nationwide. Home prices continued to increase in every region of the U.S.

- **Days on the market:** 88% of homes sold in April were on the market for less than a month. Properties remained on the market for 17 days in April, the same as last month and as a year ago.
- **First-time buyers:** First-time home buyers comprised 28% of sales in April, down from 31% a year ago.
- **Investors and second-home buyers:** Individual investors and second-home buyers accounted for 17% of home sales in April, the same as a year ago. These buyers tend to make up the bulk of all-cash sales, which accounted for 26% of transactions in April, also about the same as a year ago. "The cash buyers, not impacted by mortgage rate changes, remain elevated," Yun says.
- **Distressed sales:** Foreclosures and short sales remain historically low, representing less than 1% of sales in April and down from 2% a year earlier.
- **Housing inventory:** Total housing inventory is up 10.8% in April compared to March and down 10.4% from a year ago. Unsold inventory sits at a 2.2-month supply at the current sales pace. "Housing supply has started to improve, albeit at an extremely sluggish pace," Yun said.

Even with some improvement, the nation has a long way to go in reversing years of underbuilding and low inventory, NAR notes. "As we find ourselves in the midst of a massive housing shortage, NAR continues to work with leaders across the private and public sectors to help close this deficit," said NAR President Leslie Rouda Smith. "As the nation's largest real estate association, we are urging policymakers to enact zoning reforms, homebuilder incentives, and other necessary regulations to help correct this situation."

Activity Expected to Slow Further

Persistent inflation, rising interest rates and a slowdown of global economic growth are the primary contributing factors to updated expectations that full-year 2022 real GDP will grow at the reduced rate of 1.3%, 0.8 percentage points less than previously predicted, according to the May 2022 commentary from the Fannie Mae Economic and Strategic Research (ESR) Group.



Fannie's latest forecast sees second quarter 2022 growth rebounding to 1.6% following last month's news that the economy contracted by 1.4% in the first quarter. The ESR Group continues to believe that the Fed's efforts to curtail inflation by tightening monetary policy are unlikely to result in a so-called "soft landing." Expectations for a modest recession beginning in the second half of 2023 remain unchanged, though the risk of such a contraction occurring sooner has increased as consumer spending power is increasingly constrained by elevated inflation and a rapidly rising rate environment.

"Financial conditions have tightened significantly, and the economy is slowing faster than previously expected as markets adjust to the Federal Reserve's tightening guidance," said Doug Duncan, Fannie Mae senior vice president and chief economist. "Uncertainty continues to weigh heavily on markets, with geopolitical risks rising as the Russian war on Ukraine extends into its third month. The impact to prices of expected reductions in agricultural production, as well as continued increases in house prices, suggest to us a difficult path for the Fed to return inflation to its 2%-target rate in a timely manner—and, of course, in the absence of an economic downturn."

The ESR Group also expects a meaningful slowdown in home sales for the second and third quarters of 2022, followed by a softening in construction activity and, ultimately, a large deceleration in home price growth. With mortgage rates having risen faster in the last five months than in any period since 1981, the ESR Group expects both purchase and refinance originations to decline meaningfully. With only 1.4% of mortgages now predicted to have a 50-plus-basis point incentive to refinance, it's expected that, going forward, a majority share of refinance activity will be of the cash-out variety.

There are many "channels" through which monetary policy affects the real economy. Several key ones work through the housing market. Home purchases are especially sensitive to interest rates, which directly impact the spending power of a mortgage borrower. Therefore, housing construction, sales, and spending on associated goods and services is a key mechanism through which aggregate demand in the economy is influenced. Changes in residential fixed investment have historically led turns in the economy. According to Fannie Mae, some have even claimed that housing is the business cycle.

"Rising mortgage rates are reducing affordability through higher mortgage-related costs, all while house prices continue to grow," Duncan said. "Historically, rapid and substantial rises in mortgage rates have had the effect of slowing activity, which we reflect in our forecast. Not only is the worsening affordability of homes a problem for potential entry-level homebuyers, but current homeowners are less likely to trade in their existing lower-rate mortgages and list their homes for sale, both of which will likely weigh on sales."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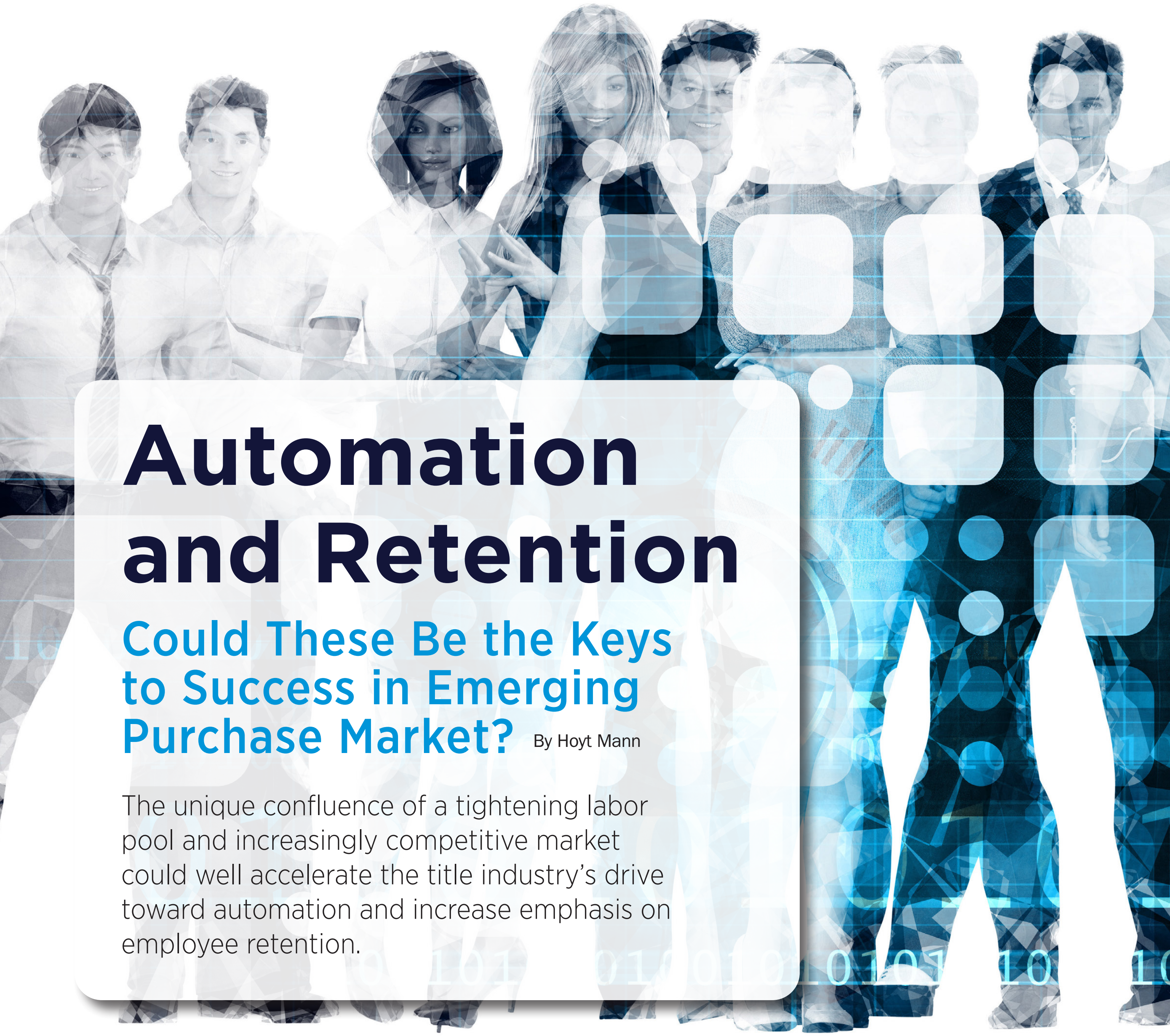

Automation and Retention

Could These Be the Keys to Success in Emerging Purchase Market?

By Hoyt Mann

The unique confluence of a tightening labor pool and increasingly competitive market could well accelerate the title industry's drive toward automation and increase emphasis on employee retention.

The Great Resignation continues into 2022. In fact, CNBC reports that 4.3 million people quit their jobs nationwide in January, with 11.3 million job openings available. And while the causes and results remain the subject of widespread discussion, the fact remains that, even in relatively stable industries like financial services or real estate, recruiting and hiring have become more challenging.

Title agencies and settlement services business owners, in addition to struggling to find new hires, are at the same time looking down the barrel of an inevitable decline in overall order volume. The mortgage industry will not likely repeat 2021's origination total of over $4 trillion. And yet, in spite of the overall decline in volume, the vast majority of forecasters and economists agree that we could see a near-record purchase volume this year.

Business owners in the title industry, therefore, are facing a unique dichotomy: a need for stable or even increased service levels balanced by a reduction in order volume and potential labor shortage. While there are several effective strategies available to counter this potential problem, time is of the essence for businesses seeking to successfully compete for market share.

The Seeds of Retention

One strategy likely to be adapted by title agents is accepting the labor shortage and believing that it will likely be with us for some time. Some observers have suggested that one root cause of the Great Resignation has been the early retirement of a significant amount of Baby Boomers, spurred on in part by pandemic conditions. That generation, of course, makes up a significant percentage of the overall labor force, so a disproportionate number of retirements, early or otherwise, would amount to a game changer for the short term at least.

For agents and owners accepting that the labor pool will remain shallower for a year or more, the alternative has increasingly become a strategy of retention: keep the skilled employees one already has. The challenge, naturally, will be that, as others grow more desperate for skilled recruits, the incentives to hop from firm to firm will be sweetened. Thus, any effective retention strategy won't just start with compensation. In addition, empowerment and engagement will need to be baked into the policies, procedures and workflows used by the most successful title agents.

Jay Zagorsky, senior lecturer at Boston University's Questrom School of Business, provided some perspective on this approach.

"High annual quit rates mean many workers are not satisfied with their jobs pay, benefits, or working conditions," he said in Fact Company. "And that can be a huge waste of time and money for both companies and workers. Hiring and training workers is expensive."

Zagorsky went on to explain the most proven approach to keeping one's employees.

"Research shows employers can minimize turnover through many different methods, such as by giving workers a sense of purpose, letting them work in self-directed teams, and providing better benefits," he said.

Human resource and recruiting strategies common in other fields will very likely become more commonplace in our own industry because of the conditions that are emerging.

While Zagorsky was speaking of universal principles, they certainly apply to title agencies and title-related businesses. Engaged employees are empowered employees, given the tools to solve complex problems and even take limited, qualified risks. That starts with the way in which a business builds its workflow, and filters into its organizational chart and job descriptions. Then, of course, the execution must be consistent.

Retention via Automation

Another powerful way to engage and empower employees is to take away the simple, unchallenging tasks or functions that take up part of their workdays. The settlement services industry, for any number of reasons, remains mired in manual activities on a day-to-day basis. Data entry, rekeying, manual information seeking and similar tasks which require little innovation and can foster an almost assembly-line mentality are not attractive line items on a job posting. And yet, from the owner to the escrow assistant, an amazing number of title agencies still depend on manual activities that could otherwise be automated.

Automation of basic tasks not only improves efficiency and productivity (most technologies can be applied on a 24/7 basis, as opposed to humans), but removes the most mundane responsibilities from the very employees agents are trying to retain. This frees them to take on more challenging—and presumably, enjoyable—tasks. In so doing, agents and owners can even elevate their service levels. Consider, for example, how often title agency staffers take phone calls from real estate agents or borrowers seeking to find out when a closing is scheduled. How much time would be saved and returned to the staff to focus on marketing or sales efforts, or even doing more advanced client service? How much time would be saved and returned to the staff to focus on marketing, sales and customer service by implementing automated emails or app-based notifications? The recapture of that time not only helps to increase employee satisfaction, but also likely, retention. It also makes a business more effective and productive, mainstays for businesses seeking to capture market share in a competitive cycle.

Moving Beyond 'the Way We've Always Done It'

Finally, title agents and owners will need to go beyond "what we've always done" as the labor pool shrinks and the market grows tighter. That does not just mean strategic and widespread automation as well as resource strategies empowering existing staff. It can also mean going beyond traditional channels and sources to recruit. As the Great Resignation continues, many Americans are quicker than ever to leave unsatisfactory jobs for greener pastures. Historically, the title industry hasn't been a power recruiter for professionals from other industries. But it can become, and should become, one. Human resource and recruiting strategies common in other fields will very likely become more commonplace in our own industry because of the conditions that are emerging. We may also see more savvy title agents providing more cross-training, centralization of operations and even mentorship and professional development programs to increasingly draw young talent from other areas of expertise.

Although the title industry has always been traditional in its ways, the likelihood of a protracted purchase market in combination with a reduction in the existing labor pool will very likely induce some significant changes in the way we attract and retain workers. We've already been moving toward automation and the use of more complex tech stacks, even if just to battle margin compression and improve efficiency. But with the unique conditions starting to emerge, it appears that employee retention and engagement will start taking their place at the top of leadership meeting agendas along with more traditional categories like sales and finance.

HOYT MANN *is co-founder and president of Texas-based alanna.ai, a conversational AI assistant. He is a tech evangelist and title industry veteran who has served the industry for over 20 years, including key roles with RamQuest and PhaseWare, before helping to found alanna.ai. Mann can be reached at hmann@alanna.ai.*

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Average Closing Costs for Purchase Mortgages Increase 13.4%, CoreLogic Reports

Cost of Title Insurance Coverage Decreases 7% Since 2004

AS HOME PRICES AND MORTGAGE RATES ARE INCREASING, SO ARE CLOSING COSTS. The average payment for mortgage closing costs for a single-family property was $6,905 in 2021 (including transfer taxes), a 13.4% annual increase, according to CoreLogic's ClosingCorp.

The average price of a home in the U.S. rose by more than $50,000 last year, while the average purchase closing cost climbed by $818, including taxes, and by $390 when excluding taxes, according to the report.

While the overall expense to purchase a home has increased significantly the past few years, the cost of title insurance coverage has decreased 7% since 2004, according to the combined industry financial statement. This means for each dollar of premium a consumer purchases, they get an extra $26 in coverage compared with 2004.

"As the mortgage industry comes off two years of record-low interest rates and red-hot consumer demand, lenders are now pivoting to address increasing headwinds from higher loan origination costs and lower origination volumes," says Bob Jennings, an executive with CoreLogic Underwriting Solutions. "The Mortgage Bankers Association recently reported lender origination costs show a 13.2% year-over-year increase, which corresponds closely to the 13.4% increase we were seeing on purchase mortgage closing costs. As the market tightens in 2022, it will be interesting to see how lenders and borrowers respond and how these key metrics move."

Average Closing Costs by State

State	Avg Home Costs	Avg Total Closing Costs w/ Taxes	Avg Total Closing Costs w/o Taxes
Washington, D.C.	$769,351	$29,888	$6,502
Delaware	$329,931	$17,859	$3,888
New York	$538,102	$16,849	$6,168
Maryland	$400,544	$14,721	$4,459
Washington	$579,324	$13,927	$4,682
Pennsylvania	$248,561	$10,634	$4,221
Connecticut	$419,149	$8,821	$4,108
Florida	$375,368	$8,554	$4,498
New Hampshire	$351,365	$8,183	$2,804
Massachusetts	$604,986	$7,964	$4,904
California	$793,424	$7,953	$5,665
New Jersey	$461,488	$7,915	$4,158
Vermont	$306,703	$7,906	$3,500
Hawaii	$789,760	$7,463	$5,879
Nevada	$426,220	$6,383	$4,222
Virginia	$379,083	$6,346	$3,461
Illinois	$283,313	$5,929	$4,733
Michigan	$209,783	$5,714	$3,511
Rhode Island	$412,037	$5,568	$3,419
Utah	$488,644	$4,837	$4,837
Arizona	$409,930	$4,701	$4,701
Texas	$302,672	$4,548	$4,548
Maine	$330,505	$4,420	$2,864
Oregon	$464,666	$4,327	$3,862
Ohio	$207,480	$4,223	$3,346
Idaho	$424,023	$4,082	$$4,082
Minnesota	$296,790	$4,011	$2,592
Tennessee	$280,571	$3,911	$2,694
Colorado	$536,795	$3,881	$3,806
Georgia	$294,171	$3,762	$2,863
Louisiana	$223,253	$3,711	$3,386
Alaska	$348,526	$3,581	$3,581
New Mexico	$316,010	$3,513	$3,513
Wisconsin	$236,119	$3,459	$2,692
South Carolina	$298,817	$3,447	$2,501
North Carolina	$306,300	$3,406	$2,465
West Virginia	$191,011	$3,406	$2,465
Montana	$406,544	$3,337	$3,337
Iowa	$201,306	$3,146	$2,741
Arkansas	$204,451	$3,115	$2,281
South Dakota	$232,564	$3,105	$2,843
Alabama	$216,931	$2,986	$2,623
Oklahoma	$188,899	$2,893	$2,507
Kentucky	$202,108	$2,802	$2,546
Kansas	$284,057	$2,793	$2,793
Nebraska	$227,363	$2,781	$2,210
Mississippi	$268,416	$2,756	$2,756
Wyoming	$352,788	$2,589	$2,589
North Dakota	$243,312	$2,501	$2,501
Indiana	$233,584	$2,200	$2,200
Missouri	$245,985	$2,061	$2,061

Source: CoreLogic

ALTA Reports Full-year, Q4 2021 Title Premium Volume

Driven by historic mortgage origination activity and substantial increase in home values, ALTA reported title insurance premium volume increased 35.9% during 2021 when compared with 2020. The title insurance industry generated $26.2 billion in title insurance premiums during 2021 compared with $19.2 billion during 2020, according to ALTA's Market Share Analysis.

Overall, total operating income for the industry was up 33.4%, operating expenses increased 32% and loss and loss adjustment expenses were up 2.3 percent. In 2021, the industry paid more than $474.4 million in claims.

"Incredibly low mortgage rates lead to an unprecedented increase in real estate transactions and substantially higher home values," said ALTA CEO Diane Tomb. "Those factors—caused in part by the unique circumstances of the COVID-19 pandemic—contributed to the record title insurance premium volume, which the title industry won't see again soon. The majority of title professionals were busier in 2021 than they ever have been, but even important than volume is that—no matter how busy they are—ALTA members continue to prioritize accuracy, security and efficiency to ensure homebuyers are protected before they even step over their new threshold."

Top 10 Underwriters by Market Share

1. First American Title Insurance Co., 20.5%
2. Old Republic National Title Insurance Co., 14.8%
3. Chicago Title Insurance Co., 14%
4. Fidelity National Title Insurance Co., 13.5%
5. Stewart Title Guaranty Co., 8.9%
6. Westcor Land Title Insurance Co., 5.9%
7. Commonwealth Land Title Insurance Co., 4.1%
8. WFG National Title Insurance Co., 2.8%
9. Title Resources Guaranty Co., 2.4%
10. Doma Title Insurance Co., 1.9 %

Top 10 States by Total Premium Volume

1. Texas, $3.52 billion (+39.5%)
2. Florida, $2.89 billion (+52.1%)
3. California, $2.82 billion (+24.6%)
4. New York, $1.45 billion (+42.8%)
5. Pennsylvania, $1.18 billion (+42.4%)
6. Arizona, $873.88 million (+34.7%)
7. New Jersey, $823.35 million (+40.7%)
8. Georgia, $750.18 million (+37.5%)
9. Illinois, $737.62 million (+34.7%)
10. Virginia, $708.90 million (+37.3%)

FinCEN Expands, Renews Geographic Targeting Orders

Agency Thanks ALTA, Industry for Continued Help

The Financial Crimes Enforcement Network (FinCEN) expanded and renewed its Geographic Targeting Orders (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in all-cash purchases of residential real estate.

The terms of the latest GTOs run through Oct. 26. The GTOs continue to provide valuable data on the purchase of residential real estate by persons possibly involved in various illicit enterprises. Renewing the GTOs will further assist in tracking illicit funds and other criminal activity, as well as inform FinCEN's future regulatory efforts in this sector, the agency said in a release.

Working in conjunction with law enforcement partners, FinCEN identified additional regions that present greater risks for illicit finance activity through all-cash purchases of residential real estate.

FinCEN renewed the GTOs that cover certain counties within the following areas:

- Texas: Bexar, Tarrant or Dallas counties
- Florida: Miami-Dade, Broward or Palm Beach counties
- Maryland: Montgomery, Anne Arundel, Prince George's or Howard counties
- New York: Boroughs—Brooklyn, Queens, Bronx, Staten Island or Manhattan
- California: San Diego, Los Angeles, San Francisco, San Mateo, or Santa Clara Counties
- Connecticut: Fairfield
- District of Columbia
- Hawaii: City and County of Honolulu, Maui, and Kauai
- Nevada: Clark County
- Virginia: Arlington or Fairfax counties; or the cities of Alexandria, Falls Church, or Fairfax
- Washington: King County
- Massachusetts: Suffolk or Middlesex counties
- Illinois: Cook County

The purchase amount threshold remains $300,000 for each covered metropolitan area, except for the city and county of Baltimore, where the purchase threshold is $50,000.

FinCEN said it appreciates the continued assistance and cooperation of title insurance companies and ALTA in protecting real estate markets from abuse by illicit actors.

FinCEN began issuing GTOs in January 2016, requiring title insurance companies to file reports and maintain records concerning all-cash purchases of residential real estate above a certain threshold in select metropolitan areas of the United States. The GTOs have been renewed and expanded over the past five years.

A currency transaction report must be filed with FinCEN within 30 days of the closing if these elements apply:

- Location (deal occurs in one of the areas included in the GTOs)
- All-cash deal (no financing)

- Purchase price exceeds $300,000, or $50,000 in city and county of Baltimore
- There's a corporate buyer
- Purchase price paid via monetary instrument, wire transfer or virtual currencies

The report must include:

- Information about the identity of the individual primarily responsible for representing the buyer. The title company must obtain a record of the individual's driver's license, passport of other similar identification
- Date of closing of the covered transaction
- Total amount transferred in the form of a monetary instrument
- Total purchase price of the covered transaction
- Address of real property involved

If the purchaser involved in the covered transaction is a limited liability company, the underwriter must provide the name, address and taxpayer identification number of all its members. Additionally, covered title companies must retain all records relating to compliance with the order for five years, store the records so they are accessible with a reasonable period of time and make the data available to FinCEN or other law enforcement or regulatory agency, upon request. Under the Bank Secrecy Act, covered businesses must retain all records relating to compliance with the GTOs for at least five years from the last day that the GTOs are effective (including any renewals).

ALTA submitted a letter to FinCEN in response to the agency's potential rule that would address the vulnerability of the U.S. real estate market to money laundering and other illicit activity.

The Biden administration is looking to expand reporting requirements to address bad actors' use of the real estate market to launder money. The effort for new real estate market regulation comes as part of Biden's U.S. Strategy on Countering Corruption, which highlights the money laundering risks in the U.S. real estate market, as well as the need to protect the sector from abuse from corrupt officials and illicit actors. The potential regulation published by FinCEN would expand reporting requirements on all-cash real estate deals.

In its letter, ALTA recommended FinCEN develop tailored and specific transaction reporting requirements for all-cash real estate transactions involving corporate entities, instead of imposing a traditional anti-money laundering regime like those imposed on banks. ALTA also said FinCEN should finalize regulations for the development of a beneficial ownership database required under the Corporate Transparency Act (CTA) before taking further actions that would add additional burdens to the title insurance industry.

GTO FAQs

1. **What does the term "residential real property" mean?** For purposes of the GTOs, "residential real property" means real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families.
2. **To what extent must a covered business verify information about the beneficial owner of a purchaser?** For purposes of the GTOs, a "beneficial owner" means each individual who, directly or indirectly, owns 25% or more of the equity interests of the purchaser. The GTOs provide that the covered business must obtain and record a copy of the beneficial owner's driver's license, passport, or other similar identifying documentation. The covered business may reasonably rely on the information provided to it by third parties involved in the covered transaction, including the purchaser or its representatives, in determining whether the individual identified as a beneficial owner is in fact a beneficial owner.
3. **Who is considered a covered business's "agents" for purposes of the GTOs?** FinCEN notes that the recordkeeping and reporting requirements under the GTOs are triggered only when a covered business (or its subsidiaries or agents) is involved in a covered transaction. In this context, a covered business's "agents" generally refers to people or entities that are authorized by the covered business, usually through a contractual relationship, to act on its behalf to provide title insurance underwritten by the covered business (or its subsidiaries). FinCEN also recognizes that a person or entity may be an independent agent of a covered business, and thus may act on behalf of multiple title insurance companies. A covered business is responsible for the recordkeeping and reporting requirements under the GTOs only when such agents are acting on its behalf in connection with a covered transaction.
4. **What methods of payment are covered under the GTOs?** Section II.A.2.iv of the GTOs, which lists one of the four criteria that triggers a covered transaction, provides: "Such purchase is made, at least in part, using currency or a cashier's check, a certified check, a traveler's check, a personal check, a business check, or a money order in any form, a funds transfer, or virtual currency." Accordingly, payment of at least part of the purchase price using one of these methods, such as virtual currency, a wire transfer, a cashier's check (sometimes referred to as a "bank check," "official check," or "treasurer's check"), a personal check, a business check or a certified check, triggers a covered transaction, assuming the other three criteria listed in the requirements are met. With respect to information required to be reported in Field 25.z of the FinCEN Currency Transaction Report, the covered business should include the total amount of the purchase price of the covered transaction. When reporting a purchase of multiple properties in the same covered transaction, report total purchase price in Part II, Field 25.z, and price per property in Field 41 for each property.

3 Key Cyber Threats Spurred by Russia's Attack on Ukraine

By Genady Vishnevetsky

It's been several months since Russia invaded Ukraine. As the aggression continues, cybersecurity threats continue to escalate as well. The following are three of the most common risks spreading out of this conflict that you need to be aware of.

1. **Threat:** Russia-supported and state-sponsored hacking groups targeting the U.S. and European companies. With the U.S., EU, and many countries worldwide continuing to impose and harden sanctions against Russian businesses and individuals, Russia is retaliating with cyberattacks on those involved. They target individual companies and industries that are sanctioning.
   - **Cautionary:** Stay alert to whaling attacks. These phishing emails and SMS messages steer users to malicious or legitimate but compromised websites for news and information. Expect drive-by downloads of malicious content from some of these websites. Stay focused on the URL details for every site you visit. Watch out for HTTPS security, look-a-like domain names in URL, or unknown domains. Be reminded of the danger of URL shorteners, especially with SMS and social media. Anything linked or related to the conflict must be scrutinized.
2. **Threat:** Russia and alliances use propaganda and spread misinformation. While arguably most social media platforms already left or blocked access to and from Russia, hacker-controlled bots and trolls publish misinformation on all platforms worldwide. It's not just about the fake news, but also malicious links and attachments that can traverse social media platforms.
   - **Cautionary:** Like with anything else, validate sources—compare and contrast information from multiple trusted sources. Remember, websites and social media accounts can be compromised to amplify misinformation. Even if the source is recognized or trusted (i.e., your college roommate), you will never know if that identity hasn't been compromised. Do not engage in rebroadcasting any information you haven't fully vetted and verified to be authentic. Remember, images and voices can be easily fabricated and combined. For example, in this conflict alone, forensic experts have identified and validated multiple instances of visuals taken from unrelated videos and even video games to create terrifying yet misleading content.
3. **Threat:** A myriad of fake charities always spike during disasters.
   - **Cautionary:** If you do want to donate to humanitarian support, go with well-known and worldwide recognized charity organizations. All of them are now taking donations for Ukraine. Don't fall for the scams.

GENADY VISHNEVETSKY *is chief information security officer for Stewart Title. He also is chair of ALTA's Information Security Work Group.*

Russian State-sponsored and Criminal Cyber Threats to Critical Infrastructure

Cybersecurity authorities from the United States, Australia, Canada, New Zealand and the United Kingdom released a joint cybersecurity advisory (CSA) warning that Russia's invasion of Ukraine could expose organizations to increased malicious cyber activity.

Evolving intelligence indicates that the Russian government is exploring options for potential cyberattacks. Recent Russian state-sponsored cyber operations have included distributed denial-of-service (DDoS) attacks, and older operations have included deployment of destructive malware against Ukrainian government and critical infrastructure organizations.

Additionally, some cybercrime groups have recently publicly pledged support for the Russian government. These Russian-aligned cybercrime groups have threatened to conduct cyber operations in retaliation for perceived cyber offensives against the Russian government or the Russian people. Some groups have also threatened to conduct cyber operations against countries and organizations providing materiel support to Ukraine. Other cybercrime groups have recently conducted disruptive attacks against Ukrainian websites, likely in support of the Russian military offensive.

According to the alert, organizations should perform the following actions to protect against Russian state-sponsored and criminal cyber threats:

- Patch all systems. Prioritize patching known exploited vulnerabilities.
- Enforce multifactor authentication.
- Secure and monitor Remote Desktop Protocol and other risky services.
- Provide end-user awareness and training.

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So, What Is PRIA?

The Property Records Industry Association (PRIA), the leading resource for the property records industry, celebrates its 20th anniversary in 2022. This resource started as an idea that government and business could work together, with mutual respect, to address issues of common concern in the world of property transactions. PRIA fosters frank discussions leading to consensus while developing industry best practices and standards.

No forum existed for understanding and cooperation between government and business, at either the local or national levels, until PRIA formed. In the 1990s, the property records industry found itself at a crossroads, facing numerous new laws and developing technologies. The need to coordinate such complex challenges was clear. Business was frustrated by an inability to get documents recorded quickly and efficiently. Government was hampered by the lack of funding to invest in new technologies. To make matters worse, with no national standards, state legislatures were adopting widely differing requirements applicable to property transactions.

By 1997, the idea of an industry-wide task force, established jointly by government and business, resulted in the formation of the Property Records Industry Joint Task Force (PRIJTF). National business groups, led by the American Land Title Association (ALTA) and Fannie Mae, provided vital organizational and financial support. The first PRIJTF meeting was held on Feb. 26, 1998, in Washington, D.C., with attendees from most of the industry's major professional associations in attendance.

By 2002, PRIJTF grew to several hundred active participants who gathered in a town hall forum twice a year to issue white papers on significant industry issues. Recognizing this unparalleled business and government partnership was working effectively, the task force formed a permanent, not-for-profit corporation. In the fall of 2002, the task force was dissolved, and PRIA was born.

PRIA identifies and develops national best practices and technology standards. The association promotes the integrity of the public records system, the efficiency of industry operations and effective relationships between the two. Current issues, such as discriminatory covenants and redaction best practices, are addressed. When consensus forms, recommendations for best practices and standards are published and circulated.

With more than 800 members in 48 states, PRIA is recognized as an essential industry resource bridging two interdependent sectors of the economy. PRIA's ongoing success depends on the mutual commitment of ALTA, other business partners and government leaders to achieve the common goal of maintaining the integrity of the nation's property records.

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IndustryUpdate

Fannie Mae Follows Freddie Mac Guidance to Allow Limited Use of AOLs

In an update to its Selling Guide, Fannie Mae aligned its policy with Freddie Mac and now will accept written attorney opinion letters in lieu of a title insurance policy "in limited circumstances."

Lenders "must ensure the loan is covered by either a title policy issued by an acceptable insurer (including any required endorsements) or a title opinion letter issued by an attorney," according to Fannie Mae. This aligns Fannie Mae's guidance with guidance Freddie Mac issued in May 2020. It is believed the "limited circumstances" would be for certain refinances.

"It is not unique for the Government-Sponsored Enterprises to align their guidance and provide consistency and standardization in the market," said Diane Tomb, ALTA's chief executive letter. "Title insurance remains the most robust and comprehensive product that provides an underwriting service giving mortgage lenders confidence that a borrower has clear ownership rights to the property when refinancing."

ALTA continues to engage with the GSEs and lending partners on the vital role the title industry's products and services play in a well-functioning housing finance market.

"As these guidelines take effect, it is important for all parties involved to consider the risks associated with accepting attorney opinions in lieu of a title insurance policy—even in limited circumstances," Tomb said. "Historically, lenders have preferred the protection of a title insurance policy, and Fannie Mae itself has acknowledged that there may be additional risk in accepting attorney opinions."

In following in the footsteps of Freddie Mac's guidance, Fannie Mae also requires lenders to use a special code to flag loans using an attorney title opinion letter.

The attorney issuing the title opinion letter must be licensed to practice law in the jurisdiction where the subject property is located and must be insured against malpractice in rendering opinions of title in an amount commonly prevailing in the jurisdiction.

The attorney title opinion letter must:

- be addressed to the lender and all successors in interest of the lender
- be commonly accepted in the area where the subject property is located
- provide gap coverage for the duration between the loan closing and recordation of the mortgage
- list all other liens and state they are subordinate
- state the title condition of the property is acceptable and the mortgage constitutes a lien of the required priority on a fee simple estate in the property

ICE to Acquire Black Knight for $13.1 Billion

Intercontinental Exchange Inc. (ICE) has entered into a definitive agreement to acquire Black Knight Inc. for $13.1 billion. The transaction is expected to close in the first half of 2023, following the receipt of regulatory approvals, Black Knight stockholder approval and the satisfaction of customary closing conditions. Both companies' boards of directors approved the definitive agreement.

ICE expects the deal to build upon its end-to-end electronic workflow solutions. The combination will result in improvements in the mortgage lending process for borrowers and lenders by increasing automation and efficiencies that lower the cost of obtaining a mortgage, while harnessing data that can help current homeowners lower their monthly payments and lessen the likelihood of default, according to ICE.

"Since our founding in 2000, ICE's simple mission has been to make analog and opaque financial transactions more digital and transparent, beginning with commodity markets, extending across a large array of asset classes and most recently, working to help streamline the mortgage industry," said Jeffrey Sprecher, CEO of ICE. "Black Knight shares our passion for leveraging technology to serve customers and households, and, with our expertise in operating networks and marketplaces, our planned acquisition will bring to life a true end-to-end solution for the mortgage manufacturing and servicing ecosystem."

In 2020, ICE agreed to buy mortgage-software firm Ellie Mae for about $11 billion. Earlier, the exchange company bought Simplifile.

HomeServices of America Obtains Ownership Stake in Title Resources Group

In May, HomeServices of America acquired a minority stake in Title Resources Group (TRG). Terms were not disclosed. HomeServices is an affiliate of Berkshire Hathaway.

"Our strengthened partnership with Title Resources Group further enhances the ability of HomeServices' sales associates to provide clients with a one-stop shopping approach to delivering the American dream of homeownership," said Gino Blefari, CEO of HomeServices. "We're excited to be a part of this joint venture with Scott McCall and his team, as well as our other partners at Centerbridge and Realogy."

HomeServices is joining TRG's other major shareholders, Centerbridge Partners LP and Realogy Holdings Corp., in participating in the joint venture.

"HomeServices of America is a long-time, valued customer of TRG, and we're thrilled to welcome them as a significant shareholder to our joint venture," said Scott McCall, president and CEO of Title Resources Group. "We look forward to working with their team to expand our collaboration in the months and years ahead, further accelerating our growth."

Action Title Research Acquires Eastland Title Services

Technology-based search solution Action Title Research recently acquired Eastland Title Services, which provides title services throughout New England.

The deal expands Action Title Research's proprietary workflow software to customers in Connecticut, Rhode Island, Massachusetts, New Hampshire and Maine.

Action Title Research's SmartSearch platform utilizes software and data gathering interfaces and services to address varying search requirements, public records access and local infrastructure.

"We are excited to bring the Action platform and technology to one of the most fragmented markets in the country," said Chris Blum, co-founder and CEO of Action Title Research. "The acquisition allows us to deliver our suite of integrated, automated and digitized title solutions to customers across the New England market immediately."

The acquisition of Eastland Title Services marks Action Title Research's first deal since Strattam Capital's investment in 2021 to drive geographic expansion and fuel product growth.

Knox Capital Acquires Rosenberg LPA

Private equity firm Knox Capital Holdings LLC recently acquired the law firm Rosenberg LPA.

Terms of the deal were not released. Turk and Company served as the exclusive investment banker to Rosenberg. Earlier this year, Bundle, a provider of real estate document preparation services, merged with Rosenberg, which operates in all 50 states and Washington, D.C.

"Rosenberg and Bundle are industry pioneers and together can seize the large market opportunity before them," said Alex Gregor, founder and partner of Knox Capital Holdings

First American Completes Acquisition of Mother Lode

First American Financial Corp. completed its acquisition of Mother Lode Holding Company, a California-based provider of title insurance, underwriting and escrow services with 17 operating subsidiaries.

"We are pleased to welcome Mother Lode and its over 1,000 people to the First American family," said Ken DeGiorgio, chief executive officer of First American. "The addition of Mother Lode will augment our efforts to expand our coverage in key growth markets."

First American reported the purchase price was $300 million.

Mother Lode operates 92 offices in 11 states, with subsidiaries primarily in California, Idaho, Montana, Wyoming, Texas, Arizona, Washington and New Mexico. The main subsidiary is Placer Title Co.

Mother Lode Chief Executive Officer Randy Bradley, Chief Operating Officer Lisa Steele and President Darrick Blatnick will continue to lead the company, which will now operate as a wholly owned subsidiary of First American. The company and its operating subsidiaries will continue to operate under their existing brands.

PropLogix Acquires City Lien Search

PropLogix has acquired Florida-based City Lien Search. Beyond municipal lien searches and HOA estoppel letters, customers now have access to many pre- and post-closing due diligence services as well as the ability of ordering through closing software integrations.

PropLogix took over operating City Lien Search back in June of 2019. The acquisition is now final. The company wanted to take its time to ensure that City Lien Search customers and employees had a smooth transition.

"We understood how important it was to the City Lien Search team to continue a legacy of incredible service," said Zafir Khan, PropLogix director of operations. "We're excited to offer our new customers a diverse service offering and level of support that can only come from a company of our resources."

Westcor, ClosingLock Partner to Help Combat Wire Fraud

Westcor Land Title Insurance Co. and ClosingLock are partnering to help combat wire fraud for the underwriter's agents. The partnership will allow Westcor to offer ClosingLock to its agents, protecting them from wire fraud in addition to improving the closing experience.

"It's easy to empathize with someone who has lost their life savings and new home because of wire fraud," said Scott Chandler, COO of Westcor. "That's why Westcor is so passionate about protecting consumers and safeguarding our agents, and why we're being proactive and partnered with ClosingLock."

Recent Integrations

- **Paymints.io** announced an integration with online notarization provider **Notarize** that will allow users to see if a transaction is eligible for a digital closing, including online notarization. The integration also is designed to eliminate the need for paper checks and mitigate risks involved in paper-based transactions, bringing the benefits of digital closings to the forefront.

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Kathy Kwak

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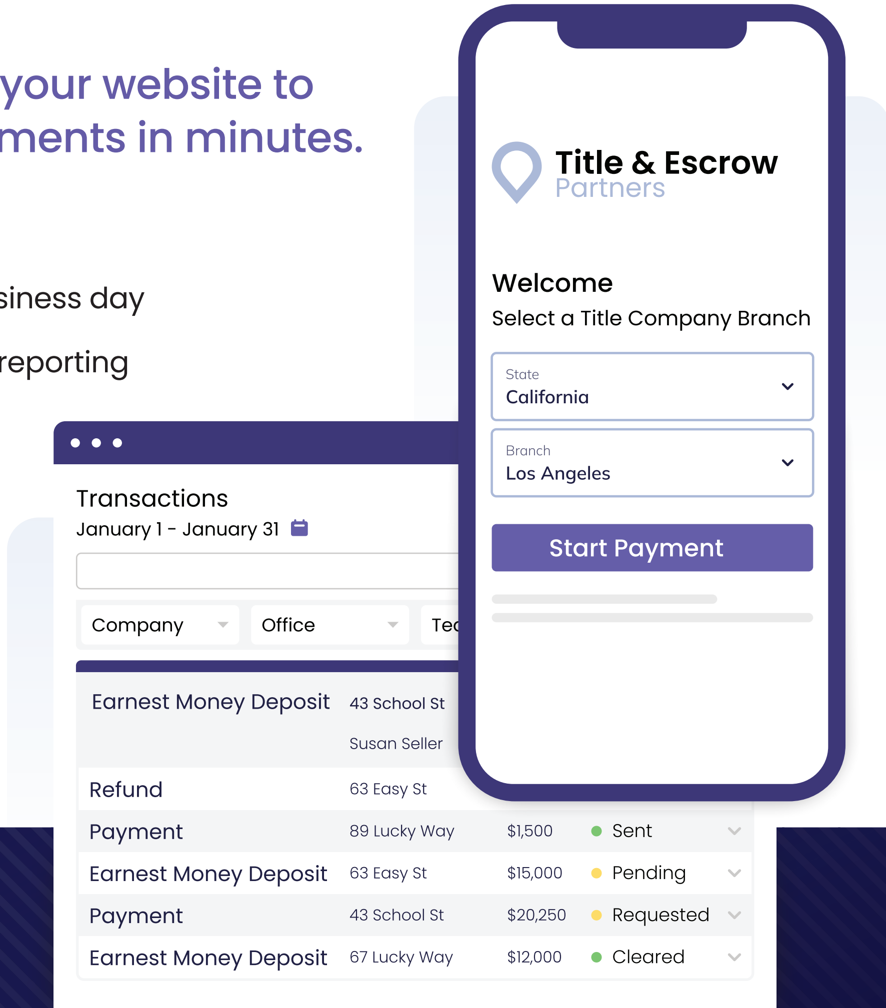

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Movers&Shakers


Brian Johnson

Doma Names Agency Manager for Minnesota

Doma Title Insurance hired Brian Johnson as agency manager for Minnesota. In this role, he will support Doma's existing independent title agent customers and will add to the company's growing network across the state. Prior to joining Doma, Johnson served as head of strategy and business development for Title Services Group.


Sarah Hasch

First National Title Names Florida Agency Manager

First National Title Insurance Co. (FNTI) named Sarah Hasch as the company's Florida agency manager, and sales and marketing trainer. She has been in the real estate industry for 24 years as a real estate agent, title agent, and most recently, as a marketing technology director. She has spent the last three years helping title agents across the country grow through sales, marketing and strategic planning.

Truly Title Strengthens Leadership Team

Texas-based Truly Title recently announced that Brian Nachlas joined the company as chief marketing officer. In this role, he will be responsible for developing and executing on strategies that build the Truly Title brand and help drive growth. Nachlas most recently served as the marketing and technology director for a national title insurance company.

Stavvy Appoints General Counsel

Boston-based fintech company Stavvy hired Brooke Adams as general counsel and chief compliance officer. In this role, she will oversee the company's legal, governance, risk and compliance programs. Adams is a subject matter legal expert on remote notarization, electronic mortgages, UETA and eSign. Prior to joining Stavvy, Adams spent nearly nine years with Fannie Mae.

Ascendant National Title Adds to Title Team

Colorado-based Ascendant National announced that David Kennedy has joined the company as vice president of title operations in Colorado and Texas. In this new role, he will be responsible for supporting the company's continued growth in these states. Kennedy has more than 30 years title industry experience. Most recently, he served as vice president of mortgage fulfillment at PennyMac Loan Services.

Agents National Title Names Western Region Manager/ Underwriting Counsel

Agents National Title Insurance Co. hired Thomas Imperiale as western region manager and underwriting counsel. In this role, he oversees all aspects of Agents National's growth and operations in the Western United States. Imperiale has more than 20 years of experience in the title and mortgage industries. Most recently, he served as senior underwriting counsel with First American Title.

Notarize Appoints Chief Financial Officer

Notarize appointed Kartik Ramachandran as its first chief financial officer. Prior to joining Notarize, he held numerous CFO and executive leadership positions at disruptive technology companies, including Splunk, Groupon, Activision Blizzard and Xome. In his role at Notarize, Ramachandran will be responsible for guiding the company's investments to further accelerate high-growth, innovative initiatives.

Title Resources Group Hires Chief Development Officer

Title Resources Group appointed Neil Gulley as executive vice president and chief development officer. In this role, he will be responsible for strategic business growth and forging new alliances across the real estate, lending and developer spectrums. Gulley joins TRG from Realogy Title Group where he most recently served as senior vice president.

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Advocacy in Action

DAN WOLD
ALTA president

FOR THE FIRST TIME IN THREE YEARS, title professionals from across the country made the trek to Washington, D.C., to advocate for our industry. After two years of virtual ALTA Advocacy Summit, the energy and enthusiasm could fill the Capitol dome.

Due to a few factors, meetings with members of Congress remained virtual. However, ALTA members successfully told the title industry's story and advocated on many issues ranging from the SECURE Notarization Act to fair and sensible regulation. All told, we held about 140 meetings with members of Congress and their staff. Our advocacy efforts helped push support for the SECURE Notarization Act to 95 bipartisan cosponsors in the House and Senate.

As far as content during the conference, we had the pleasure of hearing from Reps. Madeleine Dean (D-Pa.) and Kelly Armstrong (R-N.D.), both champions of the SECURE Notarization Act. There also was a session with Reps. Josh Gottheimer (D-N.J.) and Brian Fitzpatrick (R-Pa.), leaders of the Problem Solvers Caucus. Hearing this discussion showed that bipartisanship remains alive and emphasized that we need to continue to work with all members of Congress, regardless of which side of the aisle they sit on.

An interesting session featured ALTA Diane Tomb chatting with Naa Awaa Tagoe, acting deputy director for the Federal Housing Finance Authority's (FHFA) Division of Housing Mission and Goals. Tagoe noted that the title insurance industry is a valuable and important part of the mortgage and housing finance ecosystem.

This was great to hear because following the Advocacy Summit, a few ALTA Board members, ALTA staff and myself had meetings with the FHFA, Freddie Mac and Fannie Mae. The focus of the meetings was Fannie Mae's recent announcement it would accept attorney title opinions in lieu of a title insurance policy in limited circumstances. We are engaged on this issue and following any changes very closely. I encourage you to talk with your lender clients and explain to them how title insurance provides the best protection and reduces their risk.

During the 2007-2008 financial crisis, we unfortunately witnessed several financial problems caused by shortcuts to well-established processes. Throughout that time, the title insurance industry indisputably proved its ability to reliably pay claims, many fraud-related, even in a severe recession. If that crisis taught us anything, it is that underwriting standards and risk protection should be strong and well-tested. Strong underwriting protects lenders and consumers alike—and title insurance provides a key part of this due diligence. We need to tell this story more effectively.

Also following the Advocacy Summit, ALTA member Michael O'Neal testified before the U.S. House Energy and Commerce Subcommittee on Consumer Protection and Commerce. O'Neal represented the industry well by explaining the SECURE Notarization Act and the importance of remote online notarization.

While the ALTA Advocacy Summit may be over, you can keep the grassroots advocacy going over the summer. Let ALTA know if you want to host a federal legislator at your business and tell your story. Contact Leah Shimp Vass, ALTA's director of grassroots and political affairs, at *lshimpvass@alta.org* for more information on this opportunity.

Let's keep the advocacy momentum going!

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